

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 EA-10 IO-10 ISO-00 NEA-10 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 COME-00

EB-07 LAB-04 SIL-01 TRSE-00 AID-05 FEA-01 INT-05

ACDA-10 OES-05 SAJ-01 XMB-04 SAM-01 MC-02 /139 W

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O P 272200Z JUN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 81

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY MEXICO CITY

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

USLO PEKING

ERDA GERMANTOWN

NRC BETHESDA

AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO

UNCLAS SECTION 1 OF 2 BRASILIA 5318

E. O. 11652: N/A

TAGS: ENRG, TECH, PARM, GW, BR

SUBJECT: GERMAN/BRAZILIAN NUCLEAR AGREEMENT

1. SUMMARY - THE NUCLEAR AGREEMENT ISSUE DREW MAJOR HEADLINES
AND THOROUGH COVERAGE IN EVERY MAJOR BRAZILIAN NEWSPAPER
ON JUNE 27. POINTS OF SPECIAL INTEREST ARE:

A) BRAZIL CANNOT USE GERMAN MATERIALS OR INFORMATION TO MAKE

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ANY TYPE OF EXPLOSIVE; B) SAFEGUARDS WILL REMAIN IN EFFECT

AFTER THE 15 YEAR AGREEMENT EXPIRES; C) FONMIN SILVEIRA BELIEVES THE AGREEMENT WILL CHANGE BRAZIL'S STATUS; D) SILVEIRA AND FRG FONMIN GENSCHER THINK THAT THE AGREEMENT WILL NOT HURT RELATIONS WITH THE US; E) AN FRG OFFICIAL THINKS BRAZIL COULD BUILD ITS OWN REACTORS IN 15 YEARS; AND F) NUCLEBRAS PRESIDENT NOGUEIRA BATISTA THINKS THAT BRAZILIAN URANIUM CAN PAY FOR THE GERMAN CONTRACTS. EDITORIAL REACTION INCLUDED COMMENTS THAT: A) CONTROVERSIES ABOUT THE RELATIVE NUCLEAR RESOURCES OF BRAZIL AND ARGENTINA ARE NOT RELEVANT NOW WHEN RELATIONS ARE IMPROVING; B) SMALL COUNTRIES TURN TO ATOMIC ENERGY TO OFFSET PRESSURES FROM BIG COUNTRIES; AND, C) THE BRAZILIAN PUBLIC NEEDS TO BE KEPT INFORMED ABOUT BRAZIL'S EXTERNAL POLICY WHICH SEEKS TO ESTABLISH BRAZIL AS A RISING POWER. END SUMMARY.

2. EXPLOSIVES AND SAFEGUARDS -- JORNAL DO BRASIL REPORTED A STORY DATED BONN THAT THE FRG TOLD A GERMAN LEGISLATOR THAT BRAZIL NOT ONLY MADE A GENERAL DECLARATION OF POLICY SUPPORT TO THE NON-PROLIFERATION OF NUCLEAR ARMS, BUT ALSO AGREED NOT TO UTILIZE ANYTHING FURNISHED BY THE FRG FOR THE FABRICATION OF NUCLEAR ARMS OR EXPLOSIVES. JORNAL DE BRASILIA NOTED THAT THE FRG STATE SECRETARY FOR TECHNOLOGY AND RESEARCH HANS HILGER HANSCHILD, SAID THAT BRAZILIAN URANIUM COULD NOT BE EXPORTED TO THIRD COUNTRIES WITHOUT FRG AND GOB APPROVAL, AND THAT AFTER THE EXPIRATION OF THE 15 YEAR AGREEMENT THE SAFEGUARDS WILL CONTINUE IN EFFECT. THE SAME PAPER REPORTED THAT, ACCORDING TO SOURCES ON THE BRAZILIAN DELEGATION, THE IAEA IS SUBJECT TO THE DIFFERENT ORIENTATIONS WHICH COUNTRIES WANT TO GIVE TO IT: NUCLEAR POWERS DESIRE TO IMPRESS UPON IT A MORE SUPERVISORY CHARACTER AND NON-NUCLEAR COUNTRIES PLAN TO MAKE IT A MORE COOPERATIVE AND LESS COERCIVE ORGAN.

3. SILVEIRA/GENSCHER COMMENTS -- ACCORDING TO ESTADO DE SAO PAULO ON JUNE 26, FONMIN AZEREDO SILVEIRA SAID ENTHUSIASTICALLY THAT, OWING TO THE AGREEMENT, "BRAZIL WILL CHANGE ITS STATUS." HE ADDED, ACCORDING TO THE STORY, THAT BRAZIL CAN "DEDICATE ITSELF TO THE CONSTRUCTION OF A NEW SOCIETY, MORE HUMANE, MORE EQUITABLE, RICHER, AND STRONGER." FONMINS SILVEIRA AND GENSCHER WERE REPORTED IN JORNAL DO BRASIL TO HAVE SAID THAT THE AGREEMENT WOULD NOT DISTURB

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THE TWO COUNTRIES' RELATIONS WITH THE US, AND THAT US DOUBTS AND CRITICISMS WILL DISSIPATE WHEN THE PROVISIONS OF THE AGREEMENT BECOME KNOWN. GENSCHER WAS QUOTED IN ESP AS SAYING THAT "THE WEIGHT OF BRAZIL IN INTERNATIONAL POLICY (WILL) INCREASE," AND, "IN A WORLD FULL OF DISQUIET AND CONTRADICTIONS," THE BRAZILIAN ATTITUDE "APPEARS AS AN ELEMENT OF STABILIZATION AND EQUILIBRIUM." JORNAL DE BRASIL REPORTED THAT GENSCHER SAW COLLABORATION BETWEEN THE TWO COUNTRIES AS

"A GREAT CHALLENGE" BECAUSE "OUR COOPERATION CAN BECOME A TRUE MODEL IN THE RELATIONS OF A HIGHLY INDUSTRIALIZED SOCIETY WITH ONE THAT HAS NOT YET MANAGED TO ATTAIN THIS STATUS."

4. COMMERCIAL ARRANGEMENTS -- ACCORDING TO JORNAL DE BRASILIA, HANSCHILD SAID THAT MORE THAN 300 GERMAN AND BRAZILIAN COMPANIES WOULD PARTICIPATE IN 35-40 CONTRACTS, AND THAT THE GERMAN SHARE IN JOINT VENTURES, INITIALLY 49 PERCENT, COULD BE REDUCED GRADUALLY, WITH EVENTUAL NATIONALIZATION BEING INEVITABLE. HE ADDED, ACCORDING TO THE STORY, THAT WITH RESPECT TO THE AGREEMENT TO BE SIGNED TODAY, THE TERMS OF BRAZILIAN PARTICIPATION ARE NOT YET FULLY SPECIFIED.

5. ESP REPORTED THAT GERMAN FIRMS WILL INVEST 10 BILLION DOLLARS OVER A 15 YEAR PERIOD. ACCORDING TO ESP, NUCLEBRAS PRESIDENT PAULO NOGUEIRA BATISTA REVEALED THAT THE INITIAL PRODUCTION CAPACITY OF THE PROSPECTIVE URANIUM ENRICHMENT PLANT WILL BE 250,000 SWU (*). ACCORDING TO JORNAL DE BRASILIA, THE FIRST OF THE 8 REACTORS WOULD COME ON STREAM IN 1981 AND THE LAST IN 1990. JORNAL DE BRASILIA NOTED THAT THE INVESTMENTS WOULD BE FINANCED BY A CONSORTIUM OF GERMAN BANKS LED BY THE DRESDNER BANK.

6. ESP QUOTED NOGUEIRA BATISTA AS SAYING: "THIS IS A CHEAP PRICE FOR BRAZIL TO ACQUIRE GERMAN TECHNOLOGY. WITHIN 10 YEARS, BRAZILIAN TECHNICIANS AND SCIENTISTS WILL HAVE KNOWLEDGE OF THE FULL PRODUCTION CYCLE OF NUCLEAR ENERGY. BETWEEN 300,000 AND 400,000 TONS OF URANIUM WILL BE SUFFICIENT TO PAY FOR ALL THE LOANS REQUIRED BY THE NUCLEAR AGREEMENT." ESP REPORTED THAT EMIL GRUBER, DIRECTOR OF THE DEPARTMENT OF INTERNATIONAL COOPERATION OF THE FRG MINISTRY OF RESEARCH UNCLASSIFIED

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AND TECHNOLOGY, SAID: "IT IS EXPECTED THAT AT THE END OF THE 15 YEAR (AGREEMENT) BRAZIL WILL BE ABLE TO MANUFACTURE A REACTOR WITH 99 PERCENT BRAZILIAN PARTICIPATION.

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AMCONSUL RIO DE JANEIRO PRIORITY

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7. CHINESE COMMENT -- ESP REPORTED THAT, IN BRASILIA, PRC AMBASSADOR CHANG TE-CHUN EXPRESSED HIS GOVERNMENT'S "GREAT SATISFACTION" OVER THE SIGNATURE OF THE AGREEMENT, BECAUSE THE ATOM OUGHT TO SERVE ALL HUMANITY AND NOT ONLY THE MONOPOLY OF A FEW POWERS.

8. EDITORIAL COMMENT -- THE JORNAL DE BRASILIA CARRIED AN EDITORIAL REFERRING TO THE AGREEMENT AS A RARE MOMENT IN UNCLASSIFIED

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THE "HISTORICAL AFFIRMATION" OF BRAZIL. REGARDING ARGENTINE/BRAZILIAN ASPECTS, THE EDITORIAL SAID THAT OBSERVERS HAVE NOTICED NO OPPOSITION BY LA FONOFFS TO THE BRAZILIAN GOVERNMENT MOVE ON NUCLEAR ENERGY, AND ATTEMPTS TO INITIATE DISAGREEMENTS AMONG LA COUNTRIES ARE "INVALID, UNPATRIOTIC, AND EVEN IRRESPONSIBLE;"

--COMPARISONS OF, AND CONTROVERSIES ABOUT, THE RELATIVE NUCLEAR RESOURCES OF BRAZIL AND ARGENTINA ARE NOT RELEVANT NOW SINCE THE TWO COUNTRIES ARE IMPROVING THEIR FORMERLY WEAK RELATIONS IN SUCH A WAY THAT "THERE ALREADY EXIST AUTOMATIC CHANNELS OF OPERATIONAL UNDERSTANDING BETWEEN THE TWO GOVERNMENTS."

9. ESP'S MAIN EDITORIAL ON JUNE 27, COMMENTING ON THE WORLD-WIDE CONTROL OF NUCLEAR POWER, SAID THAT THE INTERNATIONAL REALITY LIES IN THE PRESSURES THAT THE STRONGEST IMPOSE UPON THE WEAKEST, AND THAT THE GUARANTEE FOR THE SUCCESS OF THESE PRESSURES IS THE POSSESSION OF ATOMIC WEAPONS, WHICH RUSSIA AND THE US ZEALOUSLY SOUGHT TO HOLD BUT WHICH LATER ESCAPED THEIR CONTROL. WHEN "SMALL COUNTRIES" DO NOT HAVE THE MILITARY CAPABILITY TO WITHSTAND PRESSURES THAT "BIG COUNTRIES" INFLICT ON THEM, ACCORDING TO THE EDITORIAL, THEY GENERALLY TURN TO ATOMIC ENERGY. THIS MOVE IS NOT INTENDED TO CONFRONT THE "TWO GREAT POWERS," THE EDITORIAL NOTED, BUT, INSTEAD, IT IS AIMED AT ESTABLISHING THE POSITION ON SMALL COUNTRIES AS "POWERS" IN THE REGION IN WHICH THEY ARE LOCATED. IN AN EXTREME INSTANCE, THE EDITORIAL OBSERVED, SUCH NATIONS TRY TO ACQUIRE INTERNATIONAL "STATUS" DIFFERENT FROM, AND SUPERIOR TO THAT OF OTHER NATIONS, ON THE BASIS OF NUCLEAR WEAPONS.

10. IN THIS SENSE, ESP SAID THAT STATEMENTS REFERRING TO THE DANGERS OF NUCLEAR PROLIFERATION SOUND LIKE "ACADEMICALLY IDEOLOGICAL" OPINIONS BECAUSE THEY ONLY REFLECT THE REAL INTERESTS OF THOSE WHICH POSSESS THE GREATEST AMOUNT OF ATOMIC WEAPONS BUT DO NOT WANT OTHERS TO HAVE THEM, SO THAT THEY CAN KEEP ON FOLLOWING THEIR POWER AND PRESSURE POLICIES. AS FOR BRAZIL, ESP COMMENTED THAT IT IS NOT ENOUGH TO SAY SIMPLY THAT THE "JUNGLE OF INTERNATIONAL RELATIONS" OBLIGES BRAZIL TO ADOPT NUCLEAR ENERGY TECHNOLOGY WHICH MAY ONE DAY RESULT IN THE PROCESSING OF NUCLEAR WEAPONS AS A CONSEQUENCE

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OF A POLITICAL DECISION. THE PAPER SAID THAT BRAZILIAN HISTORY IS FULL OF EVENTS THAT CAN PROVE HOW A DECISION TAKEN BY THE GOVERNMENT WITHOUT CONSIDERING PUBLIC OPINION CAN LEAD TO A FAILURE. THUS, ACCORDING TO THE EDITORIAL, THE ESTABLISHMENT OF BRAZIL AS A RISING POWER REQUIRES PUBLIC EXPLANATION OF BRAZILIAN EXTERNAL POLICY AS A CONDITION TO GAINING PUBLIC SUPPORT FOR THAT POLICY.

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